

## Message Text

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FM SECSTATE WASHDC

TO USLO PEKING

AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 294713

EXDIS

FOLLOWING REPEAT STATE 294713 ACTION SECRETARY INFO OECD

PARIS TOKYO OTTAWA BONN 13 DEC 75

QUOTE

C O N F I D E N T I A L STATE 294713 TOSEC 240189

EXDIS

E.O. 11652:XGDS1

TAGS:ESTC, COCOM, CH, UK, US

SUBJECT:UK SALE OF SPEY 202 ENGINES TO PRC

REF: SECTO 24060, LONDON 19162

FOR SONNENFELDT FROM ENDERS

1. BRITISH EMBASSY HERE HAS INFORMED US OF GUIDANCE IT HAS  
RECEIVED FROM LONDON ON HANDLING INQUIRIES CONCERNING ROLLS

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ROYCE SPEY CONTRACT SIGNED THIS MORNING IN PEKING WHICH

INCLUDES FOLLOWING PERTINENT QUESTIONS AND ANSWERS:

A. QUESTION: HAVE UK ALLIES BEEN CONSULTED ON THE SALE?

ANSWER: CONSULTATIONS WITH OUR ALLIES ON SUCH MATTERS ARE KEPT CONFIDENTIAL. THE VIEWS OF OUR ALLIES WERE TAKEN FULLY INTO ACCOUNT BEFORE WE ARRIVED AT THE DECISION.

B. QUESTION: SURELY THE SPEY DEAL GOES COMPLETELY

AGAINST THE STRATEGIC EMBARGO ON EXPORTS OF THIS NATURE TO COMMUNIST COUNTRIES? ANSWER: EACH PROPOSED EXPORT TO A COMMUNIST COUNTRY OF GOODS WITH POSSIBLE STRATEGIC APPLICATIONS IS CAREFULLY EXAMINED ON ITS MERITS. WE JUDGE THAT THIS PARTICULAR EXPORT IS NOT OF SUFFICIENT SIGNIFICANCE FOR US TO DECIDE TO WITHHOLD OUR AGREEMENT.

C. QUESTION: SHOULD WE ENCOURAGE THE BUILDING UP OF

CHINA'S AIR CAPABILITY? SURELY AS A COMMUNIST POWER SHE IS A POTENTIAL ENEMY. ANSWER: WE ARE SATISFIED THAT THE DEAL WILL NOT PREJUDICE THE SECURITY OF THE WEST OR ANY THIRD COUNTRY. IT WILL BE SEVERAL YEARS BEFORE THE CHINESE CAN MANUFACTURE LARGE QUANTITIES OF AIRCRAFT, BY WHICH TIME WESTERN TECHNOLOGY WILL HAVE MOVED ON.

D. QUESTION: WHICH MODEL OF SPEY IS TO BE SOLD TO THE

CHINESE? ANSWER: YOU SHOULD AVOID GIVING DETAILS OF MARK NUMBER OR THRUST BUT IF PRESSED YOU MAY SAY THAT IT IS A MORE FORCEFUL VERSION OF THE SPEY 512 WHICH CURRENTLY POWERS THE CHINESE TRIDENTS. IF PRESSED FURTHER, YOU MAY SAY THAT IT HAS REHEAT.

E. QUESTION: WHAT ABOUT OTHER SALES IN THIS FIELD TO

CHINA, E.G. HARRIER. ANSWER: WE WOULD GIVE CAREFUL CONSIDERATION TO PROPOSALS THE CHINESE PUT TO US. IF PRESSED, WE HAVE NO FIRM CHINESE PROPOSAL ON HARRIER.

2. AGAINST FOREGOING BACKGROUND, WE PROPOSE TO MAKE THE FOLLOWING RESPONSES:

A. QUESTION: THERE HAS BEEN ANNOUNCEMENT OF AN AGREEMENT BETWEEN THE BRITISH FIRM, ROLLS ROYCE, AND THE PEOPLES CONFIDENTIAL

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REPUBLIC OF CHINA FOR THE SUPPLY TO CHINA OF AERO-ENGINES AND RELATED PRODUCTION TECHNOLOGY. WAS THE UNITED STATES CONSULTED ON THIS MATTER? ANSWER: YES. THERE HAS BEEN CONSULTATION BY THE BRITISH GOVERNMENT WITH US AND WITH THEIR OTHER ALLIES ON THIS PROJECT.

B. QUESTION: WHAT IS THE U.S. VIEW OF THE TRANSACTION:

ANSWER: (FOR USE BEFORE WE KNOW WHETHER UK WILL COME

BACK TO COCOM OR IF CASE IS IN COCOM) WE COMMENTED TO THE UK AT AN EARLIER STAGE IN THE CONSIDERATION OF THIS PROJECT BUT WOULD PREFER TO WAIT UNTIL THERE HAS BEEN CLARIFICATION OF CERTAIN QUESTIONS WITH RESPECT TO THE RECENT ANNOUNCEMENT AND WE HAVE THE DETAILS ON THE AGREEMENT BEFORE COMMENTING FURTHER.

ANSWER: (FOR USE AFTER COCOM HAS DEALT WITH THE CASE) WE CONSIDERED THE VARIOUS ASPECTS OF THE CASE BOTH ECONOMIC AND STRATEGIC AND CONCLUDED THAT THE STRATEGIC IMPLICATIONS OF THE TRANSACTION BY ITSELF ARE NOT SO UNACCEPTABLE AS TO OVERRIDE THE SUBSTANTIAL ECONOMIC AND OTHER BENEFITS TO THE UK INVOLVED IN THE PROJECT.

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ANSWER: (FOR USE IF THE UK DOES NOT GO BACK TO COCOM) THE U.S. HAS EXPRESSED RESERVATIONS TO THE BRITISH GOVERNMENT AS TO THE OVERALL IMPACT AND PRECEDENT OF THE CASE. WE REGRET THAT THE UKG DECIDED TO PROCEED WITH APPROVAL OF THE TRANSACTION WITHOUT AN OPPORTUNITY TO HAVE A FULL RESOLUTION OF THESE RESERVATIONS IN THE CUSTOMARY WAY THROUGH COCOM.

3. SINCE BRITISH ARE CONCERNED AT CHINESE SENSITIVITIES IF ISSUE WERE TAKEN TO COCOM, THEIR PRESS GUIDANCE DOES NOT REFER TO COCOM INVOLVEMENT. IT IS DIFFICULT FOR US TO AVOID SUCH REFERENCE, SINCE THE IMPACT ON COCOM IS AT THE HEART OF OUR CONCERN.

4. WE HAVE INFORMED UK EMBASSY OF PROPOSED GUIDANCE IN PARAGRAPH 2 ABOVE. SISCO

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## Message Attributes

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